

Audit's[®] NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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STOCK SELECTION AND RELATIVE APPEAL ISSUE

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RELATIVE APPEAL RANKINGS for trusts D through Z4-8
(See May 28 RTR for trusts a through c)

BIG PERCENTAGE GAINS POSSIBLE IN THE BUYOUT GAME THAT'S JUST BEGINNING

Some of the biggest percentage gains may be just ahead for battered REIT investors. They could come by positioning yourself to take advantage of the buyout-cleanup time now beginning. Events have moved rapidly in this area in the last two weeks, bespeaking belief by some big money interests that the time is ripe for such ventures.

To help you position your holdings in this new environment, we've greatly expanded and refined RELATIVE APPEAL RANKINGS. The new format appeared last issue covering trusts A to C; remaining trusts are covered beginning on page 4. Please note that we've added a brief advisory comment about each bond and share of covered trusts, indicating those we think have special appeal for buyouts or tenders. This new buyout-cleanup move springs from two distinct sources which you should understand to position your speculative holdings in this area. Those two:

1. Buyouts for investment or control. Here a major new buyer of shares and/or assets of a REIT appears and offers to purchase large blocks of shares, generally at a premium over market price to induce shareholders to tender. This may be through a public tender, either supported or opposed by management, or through private negotiations with large block holders. The new buyer generally seeks to buy less than 50% of shares so the trust may retain its special tax status, although this status is becoming less important. Or he may try to buy all securities and merge into another entity. Two current buyout moves illustrate:

a) Bass Brothers Enterprises, Inc., privately held Fort Worth oil and gas concern, has offered to buy 500,000 shares of U.S. Leasing Real Estate Investors at \$7/share through June 18, which can be extended. Bass Bros. is not obligated to buy shares unless 300,000 are tendered, and may purchase over 500,000 if tendered. The move would give Bass a 37% stake in the trust. USE shares were trading at \$5.75 before the offer, so Bass is willing to pay a 21.7% premium over market. USE trustees won't tender nor urge holders to tender. They say book value is near \$20. Bass Bros. recently acquired control of an agricultural company via the tender route.

b) Lee National Corp. said it plans to offer its 7% preferred stock in exchange for the 1,012,000 shares of API Trust, formerly Arlen Property Investors. Terms haven't been announced. In a first step Lee acquired \$7½M of API notes in exchange for a like amount of the preferred. Lee National is an ASE-listed real estate and financing company; it owns 77% of shares of Universal Mtg. & Realty Trust, traded

KENNETH D. CAMPBELL, EDITOR AND PUBLISHER, BERNARD SOLAS, C.F.A., DIRECTOR OF RESEARCH / AUDIT INVESTMENT RESEARCH, INC., 230 PARK AVENUE, NEW YORK 10017

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GROUP RATES ON REQUEST

OTC. API shares trade at $4\frac{1}{4}$ bid OTC and have \$12.58/sh. book value; they were offered initially at \$16 $\frac{1}{2}$ in September 1971.

Our advice: Stay with trusts with some salvagable value and hope for restoration of profitability to play this route. These generally will be trusts ranked "5" indicating no dividend but with book value believed sound. They are listed below.

2. Cleanup purchases by major sponsors. Here the sponsors of a REIT are seeking to remove a source of embarrassment from the scene, resolve troublesome bank debt or litigation snarls, or otherwise make some effort to return some value to suffering shareholders and bondholders. Major financial institutions obviously have most flexibility in carrying out such cleanups since most REIT portfolios would disappear inside these giants. Four current proposals fit this category, and indications are there will be many more:

a) State Mutual Life Assurance Co. would offer to buy bonds and shares of its State Mutual Investors under a complex plan which may take many months to accomplish. In a first phase, the life insurance company would offer to buy SMI's 9% notes of 1980 at about 60% of face value (recent quote 58) and its 6-3/4% subordinate convertibles at about 40 (recent quote 42). Holders of 80% of bonds would have to approve. If that is done, the insurance company would then form a wholly owned subsidiary which would exchange shares for the trust's assets. SMI holders would get \$4 cash plus a \$1-par non-voting preferred stock paying a 10-cent dividend. The plan must be approved by senior lenders, and a Federal court in Ohio where two shareholder derivative suits are pending. SMI shares were sold initially at \$20 in February 1971. SMI shares traded at 1-5/8 before the June 1 announcement and haven't traded since; the \$5 package would be a 206% premium.

b) Old Stone Corp., Providence bank holding company, is offering to exchange one share of \$7, 10% cumulative convertible voting preferred for each share of Old Stone Mtg. & Realty. The formal offer has not been made yet, however. Old Stone Mtg. shares have been trading at 5-5/8 in the OTC market, and the \$7 package would be a 24% premium. The shares were sold first at \$12 $\frac{1}{2}$ in October 1970 and have present book value of \$10.24.

c) NJB Prime Investors is offering to buy two issues of debentures at \$22 through June 18; an offer at 20 last September brought in about half the \$30 million subordinated debt then out. Banks have indicated they'll put up funds for the offer if about 80% of the \$15.1 million out tender. The bonds traded as low as 12 during 1975.

d) National Mortgage Fund is asking 50% of its debenture holders (three issues totaling \$8.5 million) to accept either 10% of face value in cash or 5% of face plus a share of stock. If 50% approve, the plan will be filed in a Chapter XI bankruptcy proceeding so the court can force all holders to accept the plan. National has been in default on interest on these issues since last fall. The 7% converts of 1991 have been trading at 3.

Our advice: Best to play the bonds of the deeply troubled trusts with major financial sponsors on the basis that the sponsors and their banks sooner or later will have to get rid of this troublesome debt. Not every one will be a profit but this appears to be a sound speculative route. Below we list trusts which fit into both categories and could prove rewarding. Again we suggest the package approach; don't put all your eggs in one basket:

Buyout candidates

C.I. Realty Inv.....	price 3-5/8	3 $\frac{1}{2}$
Flatley Realty.....	1-3/4	2
Franklin Realty.....	2-1/2	3 $\frac{1}{2}$
Investors Realty.....	3-3/8	3 $\frac{1}{2}$
Miller (Henry S.) Realty....	6-1/2	6
Mtg. Trust of America.....	3-3/8	3 $\frac{1}{2}$

Cleanup candidates-major sponsors

BT Mtg. Inv. 5-3/4s'82.....	price 44	48
Barnett Mtg. 6-3/4s'91.....	16	
" " 8 $\frac{1}{2}$ s'98.....	22	
Chase Manhattan Tr. 7 $\frac{1}{2}$ s'83.....	45 $\frac{1}{2}$	54
" " " 6 $\frac{1}{2}$ s'96.....	36	42
Citizens & Southern Rl. 6-3/4s'78.	34	38

Buyout candidates

Saul (B.F.) REIT..... 3-1/2 *3 1/2*
 Summit Properties..... 2-3/4 *2*
 Sutro Mtg. Inv. Tr..... 4-7/8 *6 1/8*

U.S. Leasing (offer pending). *7 1/2*
 Old Stone Mtg. (offer pending) 5-3/8

Cleanup candidates-major sponsors

~~Citizens Mtg. Inv. Tr. 8 1/2s '80..... 26~~
 Cont. Illinois Realty 7-5/8s '79... 68 *72*
 Great Amer. Mgmt. 7.55s '79..... 14
 Guardian Mtg. 7 1/2s '79..... *35 42*
 HNC Mtg. & Rlty. 6-3/4s '91..... *36 42*
 Tri-South Mtg. 7s '92..... *20 35*
 " " 7-3/4s '80..... *27 44*

NEW PLAN REALTY TRUST (8 3/4--OTC-NPLNS) FY July 31

Portfolio: Holdings, as estimated to be currently worth in the open market, are valued: 78% shopping centers, 10% apartments, 7% industrial, 2% mortgages and 3% others. The portfolio has evolved over 50 years starting as a family type real estate syndication, becoming a public corporation and adopting the trust format in late 1972. Depreciated holdings were \$19 million at the start of the July fiscal year and increased 17% to \$22 million currently. Since July, the trust sold a 157,000 sf Washington, D.C. industrial building. Two purchases were made. A 70,000 sf shopping center in Canton, N.Y. was bought for \$1.1 million. Expected to yield the trust 11-12%, the center is well financed and carries average rentals of only about \$2.15/sf. For \$2.1 million, the fee position of the 226-unit garden apartment project in Lake Park, Fla. was purchased giving the trust outright ownership. This project had been operated under lease. Other deals are under negotiation for shopping centers. Makeup has changed slowly. The significant shift this past decade has been concentration in shopping centers. Most older holdings were eliminated leaving a portfolio of 24 holdings, some fairly small. These are in established, close-in urban areas. Geographic concentration is in the Mid-Atlantic region from New York to Delaware with just a few in Chicago and Florida. Tight geographic location makes for close managerial supervision. Four medium-sized strip centers are the heart: 248,000 sf Roosevelt Mall in Philadelphia which forms a complex with 313,000 sf Wanamaker department store (formerly Kleins), 220,000 sf Rodney Village, Dover, Del. and a center on 18 acres in Middletown, N.J. Occupancies are running 98% or better except at Middletown which is 95%. John Wanamaker, which took over Kleins' lease, is putting about \$7.5 million into completely remodeling the store. New Plan will not get any benefit directly since the store is net leased but Wanamaker's presence with a higher priced, face-lifted store will enhance an already good center. Every tenant at the rest of the mall is already on overages meaning added business for them will accrue to the trust. The low rental on the lease, \$1.30/sf, for another 19 years justifies Wanamaker putting this kind of money into the store. The trust has two vacancies caused by Grant's liquidation. Lease for 7,000 sf at Roosevelt Mall is finalized and a lease for the 93,000 sf at Rodney is in the final stage of negotiation at higher rental. The trust has had problems with mortgages on three old office buildings in New York City. These mortgages were taken back when the buildings were sold. Written off for the full \$2.2 million, two of the buildings behind \$740,000 will cause virtual wipe out but the third, 50 Broadway, has been made sufficiently viable to maintain interest and perhaps salvage the \$1.5 million mortgage.

Sponsor: Independent. Property management is handled by an independent firm, Dover Management. Trustees own about 31% of shares. Financing: Fundings are 40% capital, 60% non-convertible debt. Capital of \$9 million is 36% equity, 64% convertible debt. Straight debt of \$13.5 million includes 90% secured mortgages. Although additional funds are not immediately needed, there is \$2.8 million free cash and \$6 million worth of unmortgaged property, management believes this is the time in the market cycle for a small entity to obtain long-term capital. It is considering a public offering but exact plans are not set.

Results & outlook: First half earnings increased 26% on a 12% revenue gain to a reported \$0.50/share, adjusted for the recent 2-for-1 split. This included 18¢ capital gains. For the full fiscal year, the trust expects to earn \$0.75/share on its new shares with net cash flow of \$0.85, before capital gains. The recently raised dividend, 7 1/2¢ monthly, provides a 10.3% yield. The shares are fairly priced and suitable to hold for income. The underlying quality of most properties makes the defaulted office building mortgages look insignificant and makes the shares a "2" ranking. (BS)

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of attractiveness of current share purchases. Dividend paying trusts are ranked from 1 to 4 based upon capital preservation and income outlook. Non-dividend paying trusts are ranked No. 5 with gradations shown below. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative appeal rankings mean:

- 1--Highest appeal with lowest market risk, dividend outlook stable to up.
- 2--Above average appeal, somewhat higher market risk, some quarterly dividend variations.
- 3--Average appeal and market risk, larger dividend fluctuations or resummptions possible.
- 4--Below average appeal, high market risk, large dividend cuts or omissions possible.

NON-DIVIDEND paying trusts are ranked No. 5, are not recommended for income investors, but may have special appeal as speculations upon dividend resumption, trust recovery, or price changes based on money market rates. Gradations are:

- * Book value believed reasonably sound; possible dividend resummptions; possible buyout offers.
- # Serious problems: SEC trading halt; no auditor's opinion; debt defaults; Chapter XI; SEC probe; banks calling loans.
- Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.
- Financing shows: leverage ratio of all debt to shareholder equity; current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as Million dollars (M). All data, rankings and advice inspected and revised monthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3-DENVER REIA(1/13/5-Equity-Dec FY) Port. \$46M, 0 problems; Mix, by revenues: 31% apts., 22% shop. ctrs., 22% motel, 21% off. & comm., 4% mtgs.; all Col. except one Texas apt. Financing: 3.4 leverage; \$28M property mortgages, \$5M debent. Results: Mar. Q CFS 14¢, div. 15¢ unch. Shares: Hold for income
- #5-DIVERSIFIED MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-adm. Port: \$378M, 55% problems; Mix: 42% secondary homesites, 10% primary homesites, 18% raw land, 27% properties; 22% foreclosed. Financing: 3.6 leverage; \$269M loan agree. 7½% plus contingent interest to 130% prime. Results: Mar. Q EPS d14¢ aft 2¢ gain v. d\$3.72; lawsuits Shares: Avoid
- #5-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port: \$40M, 95% problems; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other; 42% foreclosed and increasing. Financing: 14.5 leverage, \$20M bank notes called Mar. 19, still talking. Results: Aug. Q EPS d86¢ v. d\$2.38. Bonds & shares: Avoid
- 2-EQUIT LF MTG(4/11/5-LT mtg.-Oct. FY) Port: \$378M, 9% problems; Mix: 29% shop. ctrs., 20% tracts and land, 10% office, 10% apts., 8% condos, 6% hotels, 17% other. Financing: 1.7 leverage; \$221M debt is 54% comm. paper, 36% notes, 7% master notes, 3% conv. Results: Apr. Q EPS 52¢ v. 50¢, div. 50¢ unch. Shares & bonds: Buy long term
- RS-FEDERAL RLTY(4/9/6-Equity-Dec. FY) Port: \$23M, No problems; Revenues 67% apts., 33% shop. ctrs.; Cash flow 39% apts., 61% shop. ctrs.; Wash., D.C. area. Financing: 1.9 leverage; \$14.8M debt, 96% secured mtgs.; selling 400T shares. Results: Mar. Q EPS up 6¢ to 33¢ from year ago, div. 31¢ v. 28¢; 1975 CFS \$1.40. Shares: Buy, Wts: Hold
- 5-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) VOTING NON-REIT PWR. Port: \$132M, 55% problems; Mix: 32% land (developed & raw), 31% condos, 14% apts., 13% hotels; 32% Penn., 22% Fla.; Financing: 3.4 leverage, \$99M debt in renegotiation for low inter., two lenders ask repay. Results: Feb. Q d\$1.12 after 63¢ LRP v. d\$1.92; Shares: Avoid
- #5-FIDELITY MI(No review-ST mtg.-Oct. FY) NON-QUAL REIT; Chap. XI Jan. 1975. Port: \$219M, 93% problems; Mix: 36% commercial, 33% residential, 32% land; Foreclosed is 45%. Financing: Negative equity; \$133M ST bank debt, \$26M senior bank debt, \$18M subord. Results: Oct. FY d\$19.84, Oct. Q d\$15.09 after \$15.11 loss prov. Shares: Avoid
- 5-FIRST COMMERCE(12/9/4-ST mtg. Dec. FY) Port: \$41M, 71% problems; Mix: 35% land, 33% condos & singles, 15% jr. mtgs.; 61% Louisiana, 39% other south. Financing: 1.2 leverage; \$29M credit at 117% of prime plus ½ of unused; Results: Mar. Q d33¢ v. d\$1.91 after \$1.88 LRP; Sponsor bought \$14M loans; Shares: Avoid till progress shown
- 4-FIRST CONTNL(8/8/5-ST mtg. Feb FY) Port: \$38M, 18% problems; Mix: 40% constr. loans, 52% development, 8% land; 92% Texas. Financing: 1.0 leverage; \$32M credit @ ½ over prime, 10% + 10%; must pledge assets equal to debt if demanded. Results: Nov. Q EPS 21¢, down 12¢; Feb. div 16¢ unch.; New commitments. Shares: Speculative income
- 5-FIRST DENVR MI(10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$127M, 78% problems; Mix: 22% land, 18% condos-recreation, 16% condos-urban, 11% motels. Financing: 16.2 leverage, \$107M credit at rate equal to cash flow up to 125% of prime plus contingent inter. Results: Mar. Q d\$1.25 v. d48¢ after 46¢ LRP; Delisted. Shares: Avoid
- 5-FIRST FIDELITY(No review-Equity-Nov FY) Port: \$40M, 38% problems; Mix: 60% shop. ctrs., 25% office; Financing: 3.1 leverage; \$29M secured mtgs. Shares: Avoid until problems more settled or speculation on tender
- 5-FIRST MEMPHIS(9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$75M, 48% problems; Mix: 19% land, 17% condos & singles, 17% offices, 17% industrial, 13% hotels, 12% apts. Financing: 7.0 leverage, Credit \$49M at 125% of prime; Renegot., loan swap planned; Results: Feb. Q d29¢ v. d\$1.29; Shares: Avoid till workout progresses
- #5-FIRST MTG IN(6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Port: \$603M, 79% problems; Mix: 22% hotels & motels, 21% apts., 17% land, 15% condos; Financing: 28.2 leverage, Debt restructured for year to 2/77, \$386M credit at 1% up to Fed. Reserve discount rate if earned; Results: Jan. FY d\$2.15 before \$1.12 gain. Bonds & shares: Avoid
- 5-FIRST PENN MT(10/14/4-ST mtg. Jul FY) CAN END REIT STATUS. Port: \$189M, 73% problems; Mix: 38% condos, 31% comm. & indust., 17% singles, 14% apts.; 26% Fla. Financing: 3.7 leverage, \$130M credit at 1% over London rate with contingent to 130% prime, thru 11/77; Results: Apr. Q d82¢ after 34¢ LRP v. d97¢ after 43¢ LRP. Shares: Avoid
- 2-FIRST UNION(4/9/6-Equity Oct FY) Port: \$160M, 4% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed; Financing: 3.8 leverage, \$128M debt- 63% secured mtg., 24% short, 13% conv. Results: Jan. Q EPS 18¢ v. 19¢ after 1¢ gain; CFS 28¢ v. 31¢; div. 24¢ unch. Shares & Bonds: Buy for income
- #5-FIRST VIRGINIA(8/12/4-Inter. mtg.-Jun FY) CAN END REIT, Self administered. Port: \$97M, 67% problems; Mix: (Problems) 38% condos, 21% land, 18% apts.; 37% Virginia, 30% Fla. Financing: 14.7 leverage, \$85M debt; \$55M bank notes, renegotiating low inter. Results: Mar. Q d62¢ v. d\$2.72; SEC probe; Shares: Avoid

RS-Ranking suspended during share offering.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-FIRST WISCONSIN MT(No review-ST mtg.-Dec FY) Port: \$187M, 97% problems; Mix: 31% condos, 27% apts. 24% land; 43% southeast, 29% midwest; Financing: 11.7 leverage, \$144M bank debt @ 1% in renegotiation. Results: Dec FY d\$7.61, Dec. Q d96¢ after 3¢ LRP v. nil. Shares: Avoid
- *5-FLATLEY RLTY(4/15/4-Eq&Mtg.-June FY) Port: \$27M, 48% problems; Mix: 46% apts., 37% shop. ctrs.; 85% Mass. Holdings: 83% equity, 17% loans. Financing: 3.3 leverage, \$23M debt 65% secured mtgs. Results: Dec. Q EPS d83¢ after 60¢ LRP; no div. Shares: Avoid pending workout progress, recovery toward book value possible
- 2-FLORIDA GULF(5/14/6-Equity-Apr FY) Port: \$33M, two vacancies caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; all Florida. Financing: 1.0 leverage, \$18M debt secured mtgs. Results: Apr. Q EPS 11¢ v. 15¢ in '75, CFS 29¢; div. 32¢ unch. Rerenting vacant Grant stores. Shares: Buy for yield and moderate growth
- *5-FRANKLIN RLTY(7/15/4-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$47M, high vacancies; Mix: 67% equity, 33% mtgs. Equity: 11 offices midwest & Fla., 5 apts., 2 motels, 4 land tracts. Financing: 5.0 leverage, \$41M debt- 46% secured, 41% short, 13% conv. Results: Mar. Q d15¢ v. d17¢, swapping; Shares: Avoid Bonds: Hold
- 3-FRASER MTG(11/14/5-ST mtg.-May FY) Port: \$48M, 10% problems; Mix: 17% constr., 14% land loans, 19% completed projects, 36% long-term; 31% Ohio, 25% Fla. Financing: 2.1 leverage, \$36M debt short term; Results: Feb. Q EPS 25¢ v. 29¢, div. 25¢ v. 30¢, down 16%; improvement seen. Shares: Hold for recovery
- 1-GENERAL GROW(5/14/6-Equity-Sep FY) Port: \$229M, 0 problems; Mix: 65% shop. ctrs. (major Midwestern malls), 24% apts., 7% motels; Financing: 5.1 leverage, \$192M debt- 68% secured mtgs. Results: Mar. Q EPS 28¢ v. 28¢ before 2¢ gain, CFS 35¢, even; div. 33¢. Shares: Buy longer term growth, unique development capability
- ↓ 5-GOULD INVST(3/10/5-Equity-Sep FY) Port: \$39M, 14% problems; Holdings: 76% equity, 24% mtgs. Properties- NYC office (19% of port.), 6 apts., 9 shop. ctrs.-strips, 8 restaurants, 7 land leasebacks. Financing: 3.1 leverage, \$32M debt, 84% secured. Results: Mar. Q CFS 16¢ v. 11¢, EPS d23¢ after 25¢ LRP; Div. omitted. Shares: Avoid
- 2-GREIT RLTY(8/8/5-Equity-Oct FY) Port: \$40M, 1% problems; Mix: 58% shop. ctrs., 31% offices & urban stores, 8% apts., 3% mtgs. Financing: 2.6 leverage, \$27M debt- 97% secured mtgs. Results: Apr. Q EPS 11¢ v. 17¢, CFS 22¢ before 87¢ cap. loss v. 28¢; July div. 10¢ unch.; Est. under 80¢ EPS. Shares: Buy for specul. income
- #5-GRT AMER M&I(3/11/4-ST mtg.-Jul FY) NON-QUAL REIT. Port: \$435M, 95% problems; Mix: 38% apts., 20% condos, 20% land, 12% hotels, 10% offices. Financing: Negative equity, \$273M credit @ 1% with contingent inter., restruct. debt; Results: Jan. Q d27¢ after \$1.72 LRP & \$1.90 swap gain; No auditor opn. Shares: Avoid Bonds: Highly speculat. ✓
- 5-GUARDIAN MI(3/12/6-ST mtg.-Feb FY) INTENDS NON-REIT. Port: \$486M, 80% problems; Mix: 33% land, 21% condos, 12% apts., 10% singles, 10% comm. Financing: Negative equity, \$394M credit w/contingent inter.; offering \$275M swap; paid subord. inter. in June. Results: Nov. Q d\$3.77 after \$3.33 LRP v. d\$9.24, Shares: Avoid Bonds: Highly speculat. ✓
- 5-GULF MTG&RLY(2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port: \$142M, 53% problems; Mix: 30% apts., 22% land, 15% motels, 9% offices; 69% Southeast. Financing: 4.7 leverage, \$92M credit 4% plus contingent inter. up to 125% prime. Results: Feb. Q d\$3.92 after \$3.57 LRP v. d\$1.14; Feb. FY d\$8.67. Shares: Avoid Bonds: Hold for now
- 5-HAMILTON INV(11/12/3-ST mtg.-Dec FY) DENIED NON-REIT PWR. Port: \$115M, 41% problems; Mix: 40% apts., 20% condos, 13% offices, 11% shop. ctrs.; 21% Okla., 20% Fla. Financing: 4.0 leverage, \$89M credit @ 3½% or net inc. w/contingent inter. 130% prime, forgiven 8/86. Results: Mar. Q d57¢ v. d44¢. Shares: Avoid for now
- 5-HANOVER SQ RL(4/15/4-ST mtg.-Aug FY) Port: \$49M, 50% problems; Mix: 60% residential, 18% shop. ctrs., 15% offices, 7% land; 35% Northeast, 23% Mid-Atlantic. Financing: 3.0 leverage, \$30M credit @ 124% prime. Results: Feb. Q d30¢ v. d26¢, no div. for rest fiscal year. Shares: May be held for recovery Bonds: Buy speculat. income
- 5-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port: \$207M, 61% problems; Mix: 33% shop. ctrs., 23% condos, 16% offices, 16% apts., 8% hotels; 33% Ill., 16% other Midwest, 16% Cal., 17% other West. Financing: \$150M credit @ 4% w/conting. inter., \$27M swap. Results: Mar. Q d10¢ after 3¢ LRP v. d\$3.41 after \$3.30 LRP. Shares: Avoid Bonds: Hi risk hold
- 5-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY) NON-REIT PWR. Port: \$123M, 75% problems; Mix: 23% condos, 16% land, 14% apts., 14% offices, 13% hotels, 9% entertainment ctr. Financing: 6.2 leverage, Renegot. \$86M credit which expires 6/30/6. Results: Apr. Q d\$1.03 after 80¢ LRP v. d31¢; sponsor selling 31% ownership. Shares: Avoid
- 4-HOSPITAL MTG(9/12/5-LT mtg.-Feb FY) Port: \$39M, 41% problems; Mix: 40% medical, 33% land, 21% residential; Heavy Fla. Financing: 0.5 leverage; \$14M debt, 90% secured mtgs. Results: Feb. Q d32¢ v. 23¢, div 15¢ unch. Shares: Neutral
- 3-HOTEL INVSTR(12/12/5-Eq&Mtg.-Aug FY) Port: \$81M, 8% problems; 47% equity/53% LT mtgs.; Self admin. Mix: All hotels, motels nationally located; comm. business travel oriented. Financing: 1.8 leverage, \$50M debt-22% secured, 46% long, 32% conv. Results: Feb. Q 43¢ v. 35¢, div. 35¢ unch. Shares & Bonds: Buy/hold speculat. income & mod. growth
- 3-HUBBARD REI(4/9/6-Equity-Oct FY) Port: \$85M, 20% problems caused by Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; leasors-20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: Apr. Q EPS 31¢ v. 37¢, div. 30¢ unch.; 3 of 11 Grant prop. re-leased, others pending. Shares: Fairly priced
- 3-ICM REALTY(9/12/5-Subor. land-Nov FY) Port: \$112M, 52% prob. & low earn. Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 52% land purch.-leasebacks, 13% foreclosed. Financing: 1.0 leverage, \$56M debt- 50% secured, 50% bank notes in renegot. for tech. default. Results: Feb. Q EPS 23¢ v. d49¢ after 78¢ LRP. Shares: Hold for recovery
- ↓ #5-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) Port: \$339M, 50% problems Mix: 26% shop. ctrs., 23% land, 14% apts., 8% hotels, 5% singles. Financing: Negative equity, \$308M debt- 42% short term (5-year agree. with repay. schedule), 58% subord. debent. Results: Jan. FY d\$16.52, Q d\$3.86 v. d\$9.71 after \$8.26 LRP. Shares: Avoid for now

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-INDEPENDENCE MTG (No review-ST mtg.-Jun FY) NON-QUAL REIT. Port: \$158M, 81% problems; Mix: 28% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: 47.0 leverage, \$120M credit low interest w/conting. inter and 110% collateral; accepted \$21M swaps. Results: Mar. Q d19c v. d\$3.15 after \$2.68 LRP. Shares: Avoid
- 5-INDIANA M&R (7/15/4-Eq&Mtg.-Jun FY) Port: \$85M, 27% problems; Mix: (Mtgs.) 28% residential, 22% apts. & condos, 26% long term.; (Eq) 42% offices, 40% apts. Financing: 4.0 leverage, \$67M debt- 24% secured, renegot short-term credit. Results: Mar. Q d70c after 56c LRP v. d\$1.29; All equity goal. Shares: Hold for recovery, tender target
- 5-INSTITUT INV (1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Port: \$182M, 66% problems; Mix: 28% apts., 26% condos, 13% singles, States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.2 leverage, \$53M credit @ 1% w/conting. inter. Results: Jan. FY d\$3.15, Q d\$1.90 v. d75c after 49c LRP; Shares: Trading Bonds: Trading & speculative income
- *5-INVESTOR RLTY (8/8/5-Eq&Mtg.-Nov FY) Port: \$55M, 14% low earn. Mix: 60% apts., 15% shop. ctrs.; type: 88% owned (incl. foreclosures & land leasebacks), 12% mtgs. Financing: 2.3 leverage; \$40M debt, 67% secured, \$20M credit expired 3/31 in negot., some banks want out. Results: Feb Q EPS d12c v. d34c, CFS 3c v. d20c Shares: Buy long-term recovery
- 3-JMB REALTY (8/8/5-Eq&Mtg.-Aug. FY) Port: \$25M, 1% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap around mtgs., 18% land leasebacks; Financing: 1.6 leverage; \$6M open lines from banks; Results: Feb. Q EPS 44c v. 40c; Nov. Q CFS 46c; Feb. div 40c unchanged. Shares: Hold for speculative yield
- 5-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) VOTED NON-REIT POWER. Port: \$83M, 88% problem; Mix: 31% land, 19% condos; 55% Texas; Financing: 8.0 leverage; Renegotiating \$42.6M revolver with assets pledged; Results: Dec. Q EPS d83c v. d\$7.87 after \$3.87 loss provision. Bonds & shares: Avoid till credit pact signed
- 5-KMC MTG INV (5/14/3-ST mtg.-Nov FY) Port: \$36M, 67% problem, biggest borrower bankrupt; Mix: 42% apts., 28% land & devel., 17% condo; 58% Kentucky; Financing: 3.8 leverage; Signed \$21.8M two-year term loan at 0.75% over prime; Seeking default waiver; Results: Nov. Q d\$2.52 after loss provision. Shares: Limited speculative interest
- 5-LMI INVESTORS (2/13/6-ST mtg.-June FY) Port: \$164M, 76% problem; Mix: 25% apts., 16% office, 13% shop. ctrs., 12% condo; Financing: 17.6 leverage; \$102M revolving credit extended to Oct. 1 pending renegotiation; April 15 interest on 6-3/4% subor. debentures to be paid about June 25. Bonds & shares: Avoid
- 5-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) Port: \$40M, 61% problem; Mix: 74% apartments, 11% one-family & mobile; Financing: 10.1 leverage; Tentative \$15.5M credit with banks, requiring asset sale over several years; Became self-administered; Results: Dec. Q EPS d31c v. d38c. Bonds & shares: Avoid till credit signed
- 4-LOMAS & NETTLETON MTG (11/14/5-ST mtg.-June FY) Port: \$230M, 37% problem; Mix: 29% land acquisition & devel., 9% single-family; 44% Texas; Financing: 1.15 leverage; Borrowers short & long-term from banks; Results: Mar. Q EPS and div 9c after 32c loss provision, v. 36c. Shares: Speculative till fiscal year results reported
- 3-M&T MTG INV (12/12/5-ST mtg.-Aug FY) Port: \$41M, 3% problem; Mix: 98% single-family construction & development, all Texas; Financing: 1.7 leverage; \$26M bank borrowings, partly secured; sponsor provides compensating balances; \$9.7M unfunded comm.; Results: Feb. Q EPS 26c, v. 28c; Div 26c unchanged. Shares: Buy for yield
- *5-MARYLAND RLTY (No review-ST mtg.-Nov FY) NON-QUAL REIT. Port: \$21M, 84% problems incl. low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga.; Financing: 1.7 leverage; \$12.6M credit at prime to 11/77; Assets pledged; Results: Feb. Q EPS d31c v. d\$1.25; No auditor's opinion; SEC probe. Shares: Recovery speculations
- 2-MASSMUTUAL MTG (5/9/5-LT mtg.-Oct FY) Port: \$211M, 19% problem incl. low-earning; Mix: 35% shop. ctr. & retail, 26% apts.; 78% long-term; Financing: 1.4 leverage; \$48M borrowed under \$70M bank lines; \$77M subor. convert. debentures; Results: Jan. Q EPS 27c v. 26c; Div 28c unchanged. Converts: Safe yield. Shares: Buy/hold
- 5-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT STATUS. Port: \$122M, 64% problem incl. low-earning; Mix: 35% apts., 29% condo; Financing: 9.4 leverage; \$80M revolver extended to July 1, with 3% cash interest & accrual at 125% of prime; Results: Mar. Q EPS d\$1.39 after 45c loss prov., v. d81c; Bonds & Shares: Avoid till credit signed
- ↑*5-MILLER HENRY S (8/8/5-Eq&Mtg.-Feb FY) Port: \$32M, 17% problem; Mix: 56% shop. centers owned, 23% land; Most Texas; Financing: 2.5 leverage incl. mtgs.; \$9.7M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$12.8M mtgs. on property; Results: Feb. Q EPS d\$1.51 after \$1.43 loss prov.. Shares: Buy for long-term recovery
- 5-MISSION INV (11/12/3-ST mtg.-Nov FY) INTENDS NON-REIT. Port: \$50M, 66% problem; Mix: 31% land & devel., 25% condo & townhouse, 12% singles, 12% motels; Financing: 3.4 leverage; \$37M credit at prime (max 8%) to Nov. 30, '76; Assets pledged; Results: Feb. Q EPS d25c with no loss prov., v. d97c. Shares: Trading/ very long recovery
- 2-MONY MTG INV (5/9/5-LT mtg.-May FY) Port: \$225M, 10% problem incl. low-earning; Mix: 40% office, 32% multifamily, 23% shop. ctrs.; 49% long-term mtgs.; Financing: \$115M open bank lines at prime; selling commercial paper; Results: Feb. Q EPS 20c v. 18c; Div. 20c v. 19c. Convertibles: Safe yield. Shares: Buy for long-term
- 4-MORTGAGE GROWTH (9/9/4-LT mtg.-Nov. FY) Port: \$41M, 15% nonearning, 46% low-earning; Mix: 60% apts., 22% office; 33% Calif.; Financing: 0.4 leverage, all with \$12.9M 7-3/4% subor. converts held privately; Results: Feb. Q EPS 5c v. d24c; Feb. div. 12c v. 10c. Shares: Buy/hold for long-term recovery
- #5-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port: \$113M, 39% problem; Mix: 18% hotel/motel, 13% land & devel., 12% condo & townhouse; Financing: 5.3 leverage; \$54M at 112% of 1/2% over prime, agreed to 3/30/77; No comp. balances; Results: Dec. Q EPS d7c with no loss prov., v. d10c. Bonds & shares: Avoid
- ↑*5-MTG TRUST OF AMER (6/10/4-ST mtg.-Nov. FY) Port: \$143M, 58% problem; Mix: 20% land & devel., 25% condos, 20% apts., 17% Calif.; Financing: 1.7 leverage; \$91M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks; Results: Feb. Q EPS d42c after 26c loss prov., v. d\$1.47. Shares: Buy/hold for recovery

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT STATUS. Port: \$71M, 77% problems; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: 15.4 leverage; \$37M secured credit; default on debenture interest; asking debenture holders to approve settlement plan; Results: Nov. Q EPS 4¢ after 27¢ gain on swaps. Shares: Avoid
- 4-NATIONWIDE RE (12/9/4-ST mtg.-Mar FY) Port: \$48M, 57% nonearning; Mix: 21% medical, 18% condos, 13% one-family; 38% Ohio, 23% Indiana; Financing: Leverage 1.1; Reduced bank lines to \$40M; Results: Mar. Q EPS 3¢ after 7¢ loss provision, v. 3¢; Div 3¢, unchanged. Convertibles: High yield. Shares: Speculative long-term recovery
- ↑ 2-NEW PLAN REALTY (6/11/6-Equity-July FY) Port: \$19M, 8% problem including low-earning; Mix: 60% shop. ctrs. owned, 24% industrial; Financing: All mtgs. on property; Results: Jan. 6 mo. EPS 50¢ v. 42¢; June monthly div 7½¢, unch.; Shares split 2-for-1 May 17; Est. \$1.07 CFS FY'76. Shares: Buy/hold for long term
- #5-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Port: \$116M, 76% problems; Mix: 43½% motor lodges/restaurants, 27½% condos, 13% apts.; Financing: Negative equity; Renegotiating \$54M credit; Tendering for all debentures at 22, expiring June 18; Results: Nov. Q EPS d\$2.41. Bonds & shares: Avoid
- 4-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port: \$164M, 45% problem including low-earning; Mix: 30% high-rise apts., 13% land & devel.; Financing: 2.0 leverage; \$114½M open bank lines; Has \$29M commercial paper out, rated P-2. Results: Mar. Q EPS 5¢ with no loss prov.; Div 25¢, unchanged. Bonds: Safe yield. Shares: Speculative yield
- 5-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) Port: \$50M, 46% problems; Mix: 18% apts., 17% office, 14% one-family, 13% hotel/motel; Financing: 0.95 leverage; Signed \$31M revolving credit at ½% over prime, ending Aug. 31, '76; Results: Mar. Q EPS d15¢ after 9¢ loss prov. v. d\$1.36 after \$1.58 loss prov.. Shares: Recovery speculation
- 3-NORTHWESTERN MUT LF MTG (5/9/5-LT mtg.-Mar FY) Port: \$257M, 16% problem incl. low-earning; Mix: 24% office, 22% shop. ctrs., 14% apts.; 56% permanent mtgs.; Financing: 1.9 leverage; \$123½M open bank lines; \$53M commercial paper; Results: Mar. Q EPS 8¢ after 26¢ loss prov. & 27¢ acctg. chng.; Div 25¢ unch.. Converts: Safe. Shares: Buy LT
- *5-OLD STONE MTG (6/11/3-LT mtg.-Dec FY) Port: \$37M, 12% nonearning; Mix: 16% shopping center, 16% office & industrial; Financing: 3.4 leverage; \$6M open bank lines at prime, plus \$7½M term loan; Results: Mar. Q d9¢ v. d63¢; Tender: Sponsor Old Stone Corp. to offer its \$7, 10% convertible preferred for each trust share. Shares: Buy/hold
- 5-PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Port: \$10M, 32% nonearning; Mix: 56% commercial, 21% condo/townhouse; Financing: No borrowings. Results: Dec. Q EPS d39¢ after 55¢ loss prov., v. d10¢; Loss for FY'76 expected. Shares: Long-term recovery speculation
- ↑ 2-PENNSYLVANIA REIT (5/14/6-Equity-Aug FY) Port: \$71M, 1% problem; Mix: 38% apartments, 36% shopping centers; Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7½M bank lines; Results: Feb. Q EPS 24¢ v. 29¢; Feb. Q CFS 32¢ v. 39¢; Div 57½¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 5-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) CAN END REIT STATUS. Port: \$47M, 60% problems; Mix: 35% apts., 19% unimproved land, 16% shop. ctr.; 37% land leasebacks; Financing: 3.3 leverage, incl. \$20M mtgs.; Negotiating \$10M revolving credit; Results: Dec. Q EPS d\$3.70 after \$2.94 loss prov., v. d59¢. Shares: Avoid or trade only
- 3-PNB MTG & RLTY (9/12/5-LT mtg.-Sep FY) Port: \$126M, 23% nonearning; Mix: 33% LT mtgs., 17% property owned; 37% apts., 26% condos; Financing: 1.9 leverage; \$66M bank lines; \$27M commercial paper; Results: Mar. Q EPS 12¢ after 6¢ loss prov., v. 11¢; Div. 10¢ unchanged. Shares: Long-term recovery, possible dividend uptick
- 3-PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port: \$70M, 7% nonearning; Mix: 35% apts., 25% office, 22% shop. ctrs.; 59% leasebacks, 41% LT mtgs.; Financing: 1.7 leverage; Borrows under \$38M bank lines at prime; Results: Apr. Q EPS and div. 30¢, unchanged. Shares: Buy/hold for yield & LT recovery; EPS vulnerable to prime rate rise
- 3-RLTY & MTG OF PACIFIC (RAMPAC) (6/13/5-LT mtg.-Nov. FY) Port: \$79M, 12% nonearning; Mix: 30% hotel/motel, 15% office, 12% apts.; 45% Calif., 21% Hawaii; Financing: 1.3 leverage; \$18M commercial paper backed by \$24M open lines; \$16½M under \$25M term credit to Nov.'77; Results: May Q EPS 30¢ v. 34¢; Div. 30¢ v. 36¢. Converts & shares: Buy/hold
- 2-REIT OF AMERICA (5/14/6-Equity-Nov FY) Port: \$42M, below 1% problem; Mix: 41% shop. ctrs., 27% office, 14% industrial; 45% Calif., 14% Mass.; Expanding key Sacramento center; Financing: 0.3 leverage, all mtg. debt except \$2½M for additions; Results: Feb. Q EPS down 9% to 29¢ from ST debt; Est. lower FY'76 EPS; Div 35¢ unch. Shares: Buy/hold LT
- 3-REALTY INCOME (9/12/5-Eq&Mtg.-Apr FY) Port: \$85M, 41% non- and low-earning; Mix: 26% apts., 31% office; Financing: 3.6 leverage; \$17M under \$23½M bank lines at prime; \$20M term loan at 1½% over prime expiring 1977-80; Results: Jan. Q EPS 9¢ v. 5¢; Apr. div 15¢ unch.; to pay about 69¢ tax income in coming qtrs. Converts: Yield. Shares: Buy/hold LT
- 3-REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port: \$50M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21½% office, 19% industrial; Financing: 1.6 leverage; \$17.2M credit at ½% over prime, ending Dec.'79, & \$15M at 1½% over prime ending Aug.'79; Results: Apr. Q EPS & div. up 2% to 52¢. Shares: Buy/hold; EPS sensitive to prime
- 5-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) VOTING NON-REIT POWER. Port: \$79M, 80% nonearning; Mix: 27% land acq. & devel., 26% condo, 11½% townhouse; Financing: 3.0 leverage; \$36.7M credit to Dec.'76 at 2% cash plus contingent inter.; Redeemed \$4.6M debentures in April; Results: Mar. Q d60¢ after 66¢ gain on asset swaps. Shares: Avoid
- 2-RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port: \$21M, 2% nonearning; Mix: 37% apts., 23% office, 16% motel; 44% D.C. area, 42% Indiana; Financing: 2.2 leverage, mainly mtgs. on property; \$3.5M open line at 1½% over prime; Results: Dec. Q EPS 20¢; CFS 28¢ v. 23¢; Mar. div 25¢ unchanged. Shares: Buy/hold more speculative yield
- *5-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port: \$309M, 53% non- and low-earning; Mix: 29% deliberately acquired prop., 37% foreclosures held for invest., 34% mtgs.; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 5.6 leverage; Negotiating \$178M revolver; now paying full-rate interest; Results: Mar. Q EPS d45¢, v. d45¢; No loss prov. for Dec. & Mar qtrs. Bonds & converts: For yield. Shares: Long-term recovery only

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-SECURITY MTG (6/13/5-Inter. Mtg.-Sep FY) CAN END REIT. Port: \$174M, 47% non- & low earning; Mix: 40% one-family home improvement second mtgs., 43% commercial mtgs., 18% mtgs. on medical facilities; Service: of \$30M bankrupt & in litigation; Financing: 3.0 leverage; \$70M unsecured credit at 12% of prime to Feb. 28, '77; Results: Mar. Q EPS d47c after 45c loss prov. & 10c gain on debenture repurchase. Bonds: Speculative yield. Shares: Trading
- 5-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port: \$136M, 69% nonearning; Mix: 26% condos, 24% apts.; Financing: 11.1 leverage; \$78M credit defaults waived to July 31; Results: Mar. FY d\$6.33; Mar. Q d1.08; Tender: Sponsor life insurance co. may tender for 9% notes @ 60 & 6-3/4% converts @ 40, plus shares @ \$5 cash & preferred. Shares: Avoid
- *5-SUMMIT PROP (4/15/4-Equity-Oct FY) Port: \$52M, 7% problem; Mix: 46% shopping centers; has rented one of four closed Grant stores; Financing: 3.4 leverage; \$5M bank debt being repaid; Results: Jan. Q EPS d6c after 3c cap. gain v. d30c; CFS 7c before capital gain, v. 5c. Shares: Buy for long-term recovery
- *5-SUTRO MTG INV (8/8/5-ST mtg.-Mar FY) Port: \$86M, 41% non- & low-earning; Mix: 29% apts., 27% hotel/motel, 16% office; Financing: 1.5 leverage; \$47.8M credit lines incl. \$5.4M backup lines for commercial paper; Results: Mar. FY d59c; Mar. Q EPS d10c after 28c loss prov. v. d62c. Converts: Safe yield. Shares: Buy long-term recovery
- #5-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port: \$78M, 97% non- & low-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: Negative equity; Completing credit agreement; swapped many assets to lenders; Results: Dec. Q 23c before \$1.88 cap. gain on swaps; ASE trading halt. Shares: Avoid till credit pact signed
- 5-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Port: \$43M, 70% problem; Mix: 31% land, 13% office, 12% warehouse; Financing: 3.5 leverage; \$27M credit at prime ending Sept. 30, '76; All assets pledged; May swap assets; Results: Mar. Q EPS d\$1.68 after \$1.71 loss prov., v. d90c. Shares: Speculation on Texas land recovery
- #5-TIERCO (was GULF SOUTH) (No review-ST mtg.-Dec FY) NON-QUAL REIT. Port: \$66M, 85% nonearning; Mix: 41% apts., 18% undevel. land; heavy Okla.; Financing: 10.0 leverage; \$37M credit at 5% minimum inter. plus deferrals, to Dec. '76 unless extended; Results: Mar. Q EPS d9c, v. d28c. Shares: Highly speculative
- 5-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) WILL END REIT STATUS. Port: \$231M, 78% problem; Mix: 26% land & devel., 9% apts., 9% condos; 24% Ga., 20% Va., 18% Fla.; Financing: 22.8 leverage; Signed \$161M credit at 4% cash inter., plus contingent inter.; To swap assets; Results: Mar. Q EPS d50c v. d\$5.77. Bonds & converts: Risky yield. Shares: Avoid
- #5-UMET TRUST (11/12/3-ST mtg.-Nov FY) Port: \$134M, 58% problem; Mix: 23% condos, 21% apts., 18% shop. ctrs., 15% office; Financing: 3.7 leverage; \$89.6M credit extension sought; one bank suing to recover \$2.8M, preventing curing of multiple defaults; Results: Feb. Q EPS d57c with no loss prov., v. d\$3.96. Shares: Avoid till credit set
- ↑3-UNITED REALTY (9/12/5-LT mtg.-Nov FY) Port: \$89M, 36% nonearning; Mix: 23% GNMA's (pledged), 24% office, 17% apts.; Financing: 0.3 leverage; Pledged GNMA's to repay banks \$15M; Results: Feb. Q EPS and div. 13c v. 12c. Shares: Buy for benefits from gradual problem loan solution
- 5-US BANCORP TRUST (7/15/4-Eq&Mtg.-May FY) Port: \$73M, 34% problem; Mix: 40% property owned or under construction, half industrial, half office; Financing: Leverage 3.7; Renegotiating \$40M bank lines; Results: Feb. Q EPS d47c with no loss prov., v. d17c; accruing on \$6M problem loans. Converts: Low but safe yield. Shares: Long term recovery
- *5-US LEASING RE (3/10/5-Eq&Mtg.-Dec FY) Port: \$73M, 26% nonearning; Mix: 50% office, mainly bank-occupied; 21% apts.; Financing: 1.8 leverage, half by mtgs.; Results: Mar. Q EPS d1c v. 6c; CFS 11c v. 16c; To become San Francisco RE June 30; Tender: Bass Bros. Enter. offering \$7/sh. for 500,000 sh. to June 18; Mgmt. opposes. Shares: Buy/hold
- 5-US REALTY INV (2/10/5-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port: \$129M, 34% nonearning; Mix: 51% mtgs., 44% owned property, 5% joint ventures; Financing: 6.1 leverage; seeking lower rate on bank debt; Results: Mar. Q EPS d30c v. d99c; Dec. Q CFS d88c v. d23c. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- 5-VIRGINIA RE (8/12/4-Eq&Mtg.-Dec FY) Port: \$43M, 16% nonearning; Mix: 74% property, 26% mtgs.; Financing: 2.4 leverage most from mtgs. on property; \$10M bank term loan at 3% over prime with \$8M due Dec. 31, '76; Results: Mar. Q EPS 6c v. 10c; Intends paying 90% of 1976 taxable income; no quarterly rate. Shares: Very long term recovery
- 5-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port: \$140M, 64% problems; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.7 leverage; \$124M revolving credit at 125% of prime expires July 31 & renewal sought; Results: Feb. Q d59c after 30c loss prov., v. d31c. Shares: Very long term recovery
- 5-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) VOTING NON-REIT POWER. Port: \$49M, 38% nonearning; Mix: 24% industrial, 16% one-family; 57% mtg., 24% property; Financing: 2.0 leverage; \$18M in open bank lines at prime plus 1/4%; Results: Jan. Q EPS d73c after 60c loss prov., v. 47c incl. 49c capital gain. Shares: Long recovery
- 1-WASHINGTON REIT (5/14/6-Equity-Dec FY) Port: \$28M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office; Financing: 0.9 leverage, mostly mtg. debt; Results: Mar Q EPS 40c v. 42c; CFS 45c v. 47c; June div up 20% to 39c from 32 1/2c. Shares: Buy for long term growth
- ↑3-WELLS FARGO MTG (12/12/5-ST mtg.-June FY) Port: \$186M, 41% non- & low-earning; Mix: 43% apts., 14% development, 10% condo & townhouse; Financing: 1.8 leverage; Borrowers under \$17 1/2M open lines backing \$93M commercial paper; Results: Mar. Q EPS 13c after 3c loss prov., v. 8c; Mar. div 8c v. 5c. Shares: Buy/hold for recovery
- 5-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port: \$21M, 24% nonearning, 27% partial earning; Mix: 26% land acq. & devel., 25% apts., 16% one-family, 14% office; Financing: 1.9 leverage; \$11 1/2M revolver at 1/4% over prime maturing July 31, plus \$2 1/2M from banks payable over 2 1/2 yrs.; Results: Feb. FY d71c; Feb. Q EPS d32c v. d18c. Shares: Trading
- 4-WISCONSIN REI FUND (No review-Equity-Dec FY) VOTING NON-REIT POWER. Port: \$40M, 13% nonearning; Mix: 83% property, 10% foreclosures, 7% mtgs.; Financing: 3.9 leverage, most mtg. debt; Has \$7.6M comm. paper out. Results: Mar. Q EPS d8c after 5c gain on sales, v. d15c in '75; No div. Shares: Speculation on turnaround by new management

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.

RS - Ranking Suspended; issues in registration for public offering are not ranked during pendency.